MASS.
GC10.PS96:Ch37
UMASS/AMHERST
312066 0282 3702 4

Commonwealth of Massachusetts

CHAPTER 697 OF THE ACTS OF 1987:
THE PUBLIC EMPLOYEE PENSION REFORM ACT

from the office of
Representative Kevin P. Blanchette
House Chairman
Joint Committee on Public Service

Representative George Keverian
Speaker
House of Representatives

JS4/.S13

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES
STATE HOUSE, BOSTON 02133

KEVIN P. BLANCHETTE
REPRESENTATIVE
16TH ESSEX DISTRICT
495 LOWELL STREET
LAWRENCE, MA 01841
TEL. 689-3456

CHAIRMAN
COMMITTEE ON PUBLIC SERVICE

ROOM 40, STATE HOUSE
TEL. 722-2240

INTRODUCTION

The PUBLIC EMPLOYEE PENSION REFORM ACT (ch. 697 of the Acts of 1987) is a comprehensive reform of the basic benefit structure, the disability retirement provisions, and the funding mechanisms which govern the Commonwealth's 106 public employee retirement systems.

The PENSION REFORM ACT modernizes and improves a number of retirement and insurance benefits, bringing these in line with benefits already available in the private sector, and in the public sector in many other states. The Act also revises our disability retirement laws, emphasizing measures which will reduce the incidence of disabling conditions, increase opportunities for rehabilitation where disabilities do occur, and give greater access and incentives for re-entering the workforce where rehabilitation is successful. Finally, the Act establishes long-term funding plans to pay off the massive pension debts which have accumulated during 40 years of "pay-as-you-go" pension financing. The Act offers needs-based state assistance to local retirement systems which adopt approved funding plans, contractually binds the state to its own debt-payment schedule, and ensures that the costs of future benefits will be met as these benefits accrue, and not merely passed off to a future generation of taxpayers.

The materials which follow explain the Act's major provisions in detail. Where provisions are the subject of local option, the local option mechanism is explained, as are the effective dates of other provisions. We welcome your comments and questions both on this overview and on the Act itself, and look forward to working with you to ensure the continued vitality of our public employee retirement systems.

Kevin P. Blanchette, Chairman
Joint Committee on Public Service

George Keverian, Speaker
House of Representatives

MAJOR PROVISIONS OF C.697

THE PENSION REFORM ACT OF 1987

I. Major Benefit Provisions:

> $30,000 cap repealed. Applies in state employees' and teachers' retirement systems, and in other systems by local option (mandatory in any system receiving state pension funding assistance). Local option provisions: in a town system, by vote of the town meeting; in a city system, by vote of the city council; in a district system, by vote of the district meeting; and in a county system, by vote of the county commissioners. Local acceptance effective as of date of filing of certificate of acceptance with PERA.

In systems accepting cap-repeal, members first employed after 1978 required to pay additional contribution equal to 2% of portion of salary received in excess of $30,000, as of date of cap repeal in the system to which they belong. For members who are subject to cap and who retire prior to effective date of repeal, benefits are to be recalculated on un-capped basis as of date of repeal. Members having service in both "capped" and "uncapped" systems to receive prorated benefit, based on years of capped, years of uncapped service. (§23, 64, 102-105)

> Option C pop-up. For retiree who has chosen reduced benefits to provide a survivor's allowance for a named beneficiary under retirement option C, retiree to revert to full retirement benefits where named beneficiary predeceases. Computation of original option C benefit to include additional reduction to reflect cost of pop-up provision. Applies in all retirement systems, only to retirement applications made on or after January 12, 1988. (§42, 43, 99, 100)

> Federal tax-deferral of pension contributions. Amounts contributed by employees toward pension to be treated as tax deferred for federal tax purposes (not taxed until distributed to employee as retirement allowance or as return of accumulated deductions). To be effective in all systems as of ruling by IRS that tax deferred treatment will be permitted. (§75, 106, 118, 119, 128, 130)

> Sex-neutral mortality tables. Mortality tables used to compute retirement benefits to be sex-neutral, with one year set-back for both male and female lives (replacing five year set-back for female lives). To apply only to retirement applications made on or after January 12, 1988. (§12)

> **Retirement credit for post-70 salary increases.** For Group 1 members continuing in service past age 70, member may opt to continue to make contributions, in which case all increases in regular compensation after age 70 will be used in determining final benefit (previously, benefit frozen at age 70). Any member already continuing in service after age 70 at time of acceptance by system may include any post-70 compensation by making payment of amounts which would have been withheld had system accepted on date member attained age 70.

Post-70 salary credit effective in state employees' and state teachers' systems, and in other systems by local option: in a town system, by vote of the town meeting; in a city system, by vote of the city council; otherwise, by vote of the county retirement board. Mandatory in any system receiving state funding assistance. (§18, 107)

> **Cafeteria benefit plans.** A&F on behalf of state employees, and municipal chief executive oficers on behalf of local employees, authorized to establish cafeteria benefit plans under §125 of the Internal Revenue Code, including dependant assistance care under §129 of the Code, and accident or health plan coverage under §106 of the Code. (§131, 132)

> **Increased optional group life insurance for state employees.** Maximum allowable optional group life and group accidental death and dismemberment insurance for state employees increased to eight times salary, less $1000, rounded down to the nearest thousand dollars (replaces maximum of one times salary). (§109-112)

> **Dental/vision benefits for state managers, retired state workers, and members and employees of the General Court.** Group Insurance Commission to establish, subject to appropriation, a program for reimbursing dental and vision expenses for state managers, retired state employees, and members and employees of the General Court; up to $200 of expenses reimbursed per year. (§113)

> **Additional time for service credit purchase by member's surviving spouse.** Allows spouse or other beneficiary additional time to make payments to purchase prior service credit which member was entitled to make but had not made at time of death. Purchase period of ninety days runs from date board mails notice of purchase option (previously, ninety days from date of member's death). (§44)

> **Boards to inform members of benefit status.** On request by member, board to provide member with statement of benefits for which member is eligible, dates of eligibility, and effect of social security offset provisions. Boards to issue prior service credit satements within six months of member's filing. (§55, 28)

Digitized by the Internet Archive
in 2013

http://archive.org/details/chapter697ofacts00mass

> **Ordinary disability vesting period shortened to ten years.** Non-job related vesting period for non-veterans shortened from fifteen years to ten years (vesting period for veterans already ten years). Effective in state employees' and state teachers' systems as of January 12, 1988, and in all other systems by vote of the retirement board, subject to approval of the local legislative body. Mandatory in systems receiving state funding assistance. Applies only to applications for benefits filed on or after date on which provision becomes effective in each system. (§31)

> **Increased dependant allowance for job-related disabilitants.** Dependant allowance for accidental disability recipients increased from $312 to $450, effective July 1, 1988, with annual increases thereafter based on percentage increase in annual cost-of-living adjustment for retirees voted by legislature. Effective in state employees' and teachers' systems, and in other systems by vote of the retirement board, subject to approval by the local legislative body and chief executive officer. Mandatory in any system receiving state funding assistance. (§33, 96)

> **Forfeiture of benefits on conviction of job-related criminal offense.** Conviction of criminal offense involving violation of the laws applicable to member's office or position results in forfeiture of pension benefits. Member to receive return of accumulated deductions without interest, unless otherwise prohibited from receiving same. Applies only to criminal offenses committed on or after January 12, 1988. (§47)

II. Major Disability Retirement Provisions:

> **Hold-harmless.** No provision in act to affect establishment of any eligible list for appointment based on an examination held on or before January 1, 1988, or to affect any appointment or promotion based thereon, or to affect continued employment of any person so appointed or promoted. (§125)

> **Newly-hired public safety officers to be non-smokers.** Persons hired after January 1, 1988 as municipal police officers or firefighters, State Police officers, MBTA, MDC, Capitol, or Public Works Building police, corrections officers, Registry of Motor Vehicle examiners and investigators with police powers, and Logan airport fire personnel to be non-smokers as condition of hiring and of continued employment. Department of Personnel Administration (DPA) to promulgate regulations for implementation of non-smoker provisions. (§5, 6, 11, 117, 120, 123, 125)

> **Newly-hired publice safety officers to meet preëmployment and in-service fitness and health standards.** DPA, with Department of Public Health (DPH) and Secretary of Public Safety, to establish preëmployment and in-service fitness standards for newly-hired municipal police officers or firefighters, State Police officers, MBTA, MDC, Capitol, or Public Works Building police, corrections officers, Registry of Motor Vehicle examiners and investigator with police powers, and Logan airport fire personnel. No person appointed after January 1, 1988, to perform duties of such positions without having passed preëmployment health and fitness examination. Failure to meet in-service health and fitness standards in each of two successive examinations to result in termination.

In-service fitness and health examinations to be given at least once every two years. Examinations to be given by appropriate appointing authority. Governmental units may establish stricter standards through collective bargaining. DPA to establish procedures for implementation, subject to legislative review. Standards to apply only in governmental units providing wellness-programs for public safety personnel (see below). (§10, 29)

> **Wellness-programs for public safety officers.** Governmental units accepting by local option are to provide wellness-programs for public safety officers, in accordance with DPH established minimum standards. Programs designed to reduce incidence of diseases and deaths related to stress, lack of excercise, poor nutrition and diet, drug and alcohol abuse, smoking, and exposure to toxic substances. Commonwealth, its agencies and authorities are deemed to have accepted. Other governmental units accept by local option: in a city, by vote of the city council in accordance with its charter; in a town, by vote of the town meeting (or by vote of the town council subject to charter provisions in a town council form of government); in a district, by vote of the district meeting. For non-state governmental units accepting the provision, Commonwealth to reimburse ½ the costs for wellness-programs, up to $100 per employee, on certification by the Secretary of Public Safety. (§10, 30, 121)

> **Enhanced reëmployment opportunities for disabled civil service workers.** Gives priority in appointment to any disabled employee who is capable of reëmployment in the same or similar position in <u>any</u> department (previously, only in department from which employee was separated at time of disability). (§8)

> **Post-60 medical reëxaminations for employees first disabled after age 60.** Allows medical review of disabilitants first disabled after age 60. Review up to age 65 (previously, no review for any disabilitant past age 60). (§37)

> **75% cap on total disability benefits for newly-hired employees.** Places a cap of 75% of salary at time of retirement on allowance payable for job-related disabilities. Applies only to employees hired after 1987. (§33, 96)

> **No disability benefits for non-member employees.** Repeals right of non-members of retirement system to receive accidental disability and accidental death benefits. Applies only to retirement applications filed on or after January 12, 1988.

> **Disabilitants to file "all pertinent W-2 forms".** Persons receiving disability retirement benefits to file "all pertinent" federal W-2 tax forms annually with retirement board (previously, only required to file "a W-2 form"). (§107A)

> **"Superannuation conversion" at age 65 for employees first retired for disability after age 55, with fewer than ten years' service.** For employees retiring on job-related disabilities after age 55 with fewer than ten years of service credit at time of retirement, benefits to be recalculated as superannuation benefits when disabilitant reaches age 65, with service credit granted for period of disability. Applies only to retirements based on applications made on or after January 12, 1988. (§34)

> **Service credit for disabled workers returning to service.** Allows creditable service for period of disability for disabilitant returning to active service. No additional member contributions required to establish service credit. (§38)

> **Changes standard for post-disability benefit modifications based on capacity for gainful employment.** Replaces "salary payable at time of retirement" with "salary currently payable in position from which retired" as maximum allowable total of disability benefits and post-retirement actual or potential earnings. Allows retirement board to reduce benefits based on actual or potential earnings, with reduction triggered by i) earnings statements, ii) completion of rehabilitation services, or iii) a medical panel reëxamination indicating that a retired member is suited for gainful employment. Any reduction triggered by other than a medical panel report may be stayed on disabilitant's request pending confirmation by a medical panel that the disabilitant is suited for gainful employment. (§39)

> **State financed vocational and physical rehabilitation services for disabilitants.** Allows for state financed physical and vocational rehabilitation services for disabilitants who might benefit therefrom. Commissioner of PERA may require evaluation of any disabilitant under the age of 60 or, in the case of any member first disabled after age 60, under age 65, to determine whether such disabilitant might benefit from rehabilitation services. Participation in evaluation is mandatory, and refusal to be evaluated may result in the discontinuance of disability benefits. If board determines that a disabilitant might benefit from rehabilitatiion services, it will offer such services to the member at no cost; member participation in rehabilitation is voluntary. If a member is denied access to rehabilitaion by the board, he may appeal to PERA, which shall offer rehabilitation services directly if the member might benefit. PERA to reimburse retirement board for the costs of any PERA-approved rehabilitation program. (§40). Allows for approval of rehabilitation programs which are under the supervision of licensed physical therapist (previously, only physician-supervised program could be approved). Allows PERA to approve board-recommended rehabilitation programs, in addition to those appearing on PERA-approved list of programs. PERA to monitor quality and utilization of rehabilitation programs. As soon as practicable after disability retirement, PERA to conduct evaluation to determine whether new disabilitant might benefit from rehabilitation. (§61)

> **Separate examinations by each member of three-member medical panels where necessary.** Disability examination process amended to allow three member panel to conduct separate examinations if panel has not met together within sixty days, or at any earlier time on applicant's request. Physicians conducting examination to be unassociated; "associated" defined as shared financial interest making independent judgment unlikely. (§32)

> **Cancer study.** Commissioner of public health authorized to conduct study of cancer incidence among police and fire personnel, and report to general court his recommendations, if any, including recommendations relative to the establishment of a so-called "cancer presumption." Final report to general court by December 1, 1991, with interim reports by December of 1988, 1989, and 1990. (§126)

> **Obesity study.** Commissioner of public health authorized to conduct study of incidence of hypertension and heart disease among persons who are obese, and report to general court his recommendations, if any, including recommendations relative to excluding persons who are obese from the provisions of the so-called "heart presumption" (ch.32, §94). Report to general court by December 31, 1989. (§127).

> **Workers' Compensation offset.** Extends disability retirement/workers' compensation offset provisions. Comp benefits created by 1985 Workers' Compensation Act to be offset against disability retirement benefits. Applies only to benefits applied for on or after January 12, 1988. (§45).

III. Major funding provisions:

> **State full-funding plan.** State full-funding schedule established, to meet costs of state employees' and teachers' retirement systems, and commonwealth's obligations for local retirement benefits, including local cost-of-living adjustments. 40 year schedule to pay normal cost of benefits and amortize all unfunded liability existing as of January 1, 1987, by June 30, 2028, with first year of funding schedule to be FY 1989. Amortization component is to grow at not more than 7.5% from year to year. Initial schedules and triennial updates are to be submitted by A&F subject to approval by ways & means committees; inaction by ways & means committees within 45 days of filing constitutes approval. In the event any schedule is not approved, funding to continue in accordance with most recently adopted three-year schedule, provided that payments are not to be be less than prior year's payments. Ways & means committees also to approve actuarial and economic assumptions and methodologies used in developing schedules. Schedule payments not to be less than benefits actually payable and actuarial value of reserves not to be reduced for first ten years of schedule. Where additional revenues are available, or where investment returns have exceeded actuarial projections, governor is to request appropriation of additional funds to allow for more rapid amortization; additional funding requests are subject to appropriation, not part of commonwealth's contractual funding obligation. (§14, 70, 76)

> **Local full-funding plan.** Local funding assistance plan established. For 15 years beginning in FY 1990, for each system adopting a PERA-approved funding schedule, the member units are to receive a state pension assistance grant based on the ratio between the unit's full-funding (normal cost plus 40-year amortization of unfunded liability) costs and its levy limit. Each unit will receive a ratable share of a state assistance pool funded by annual state appropriation equal to 5% of the sum of the annual increases in state income taxes, state excise taxes, and state corporation taxes.

Local full-funding schedules to be over 40 year period beginning in FY 1990 or 1991, with amortization component growing at not more than 4.5% from year to year. Local systems required to recover pension costs from governmental enterprise operations through rate and fee structures. In systems receiving assistance, failure to achieve time weighted rate of investment return over five years equal to lesser of PRIT's time weighted rate of return and system's actuarial projection of investment return over same five year period deemed to constitute vote by local retirement board to join PRIT. For first six years of schedule, schedule payments not to be less than benefits actually payable, and actuarial value of reserves not to be reduced.

Systems may accept provisions of local-funding section by local option exercised between January 1, 1988 and December 31, 1990. Acceptance in a city system to be by vote of the city council, in a town system by vote of the town meeting, in a district system by vote of the district meeting, and in a county system by weighted vote of the member units, based on the ratio of the total payroll of each member unit to the total payroll of all member units in the county system. Acceptance may not be revoked.

Local systems receiving state pension funding assistance must:

* provide annual reports to each member,
* provide shortened vesting period for non-job related disabilities,
* provide increased dependant allowance,
* accept repeal of $30,000 cap,
* provide post-70 salary credit for retirement purposes, and
* implement fitness/wellness standards and programs.

Normal cost appropriations not required for additional benefits prior to first year of state funding assistance. Systems entering PRIT after January 1, 1988 to receive greater of state pension assistance grant or PRIT share, but not both. (§15, 19, 70, 76)

> **Obligation to fund established.** Payment of all appropriations required by retirement system made contractual obligation of governmental unit. (§94). Failure or potential failure to make payments required under state or local full-funding schedule or standard declared to threaten contractual rights of members and retirement system. Failure to make funding payments may be remedied by action for mandamus. (§95)

> **Amortization of gains and losses.** Provides for amortization of gains and losses as prescribed by PERA, consistent with GASB or ERISA standards. For any retirement system transferring assets to PRIT on or before July 1, 1986, Commonwealth to assume cost to system sustained in converting from book to market asset valuation. (§69)

> **"Special fund" contributions to be locally controlled.** Treasurer of governmental unit within a county system to be the custodian of funds contributed by unit to offset pension liabilities of the system. Such funds may be invested under same restrictions as apply to retirement system funds, and may be used in accordance with PERA-approved funding schedule. (§74, 115)

> **"McBride principles" applied to local retirement systems.** "McBride principles" governing investment of funds of state and teachers' systems amended to apply to all local retirement systems which have received a PERA waiver from legal list investment restrictions. State treasurer on behalf of state and teachers' systems, and on behalf of PRIM, and board of each other system subject to provisions of section to conduct annual survey of all U.S. corporations in which the system has invested and which are operating in Northern Ireland; survey is to determine extent to which corporation is adhering to promotion of religious tolerance in the workplace, equal employment opportunity, and the McBride principles, so-called. Boards to report results to PERA annually, state treasurer to report results to general court annually. Reports to be available for public inspection, and to include recommendations consistent with prudent fiduciary practice. Where necessary, appropriate, and consistent with prudent fiduciary practice, treasurer and boards to initiate and support shareholder petitions or initiatives requiring corporate action in compliance with non-discrimination standards of the section. (§133)

> **South Africa, Northern Ireland munitions-related investment restrictions applied to local retirement systems.** Local retirement boards receiving waiver from legal list restrictions to make no new South Africa or Northern Ireland munitions-related investments (not required to divest previous invesments). (§82)

C.697 OF THE ACTS OF 1987:

THE PUBLIC EMPLOYEE PENSION REFORM ACT

Section-by-section analysis

Emergency preamble, making act effective immediately upon its being signed into law (January 12, 1988; see S.135 for other specific effective dates).

1. Removes Retirement Law Commission (RLC) from Executive Office of Administration and Finance (A&F). (Repeals ch.6, §102, 103, 104)

2. Establishes additional legislative oversight mechanisms for regulations and rules promulgated by the Division of Public Employee Retirement Administration (PERA). (Amends ch.7, §50)

3. Reëstablishes RLC in Office of State Treasurer, but not subject to its control. Changes membership from 7 gubernatorial appointees to three members appointed by Governor, three members appointed by Treasurer, and seventh member to serve as chairman and to be appointed by first six members. Minor changes in RLC duties. (Creates ch.10, §35H)

4. Members of Teachers' Retirement Board previously chosen by the Commissioner of Insurance to be chosen by the Commissioner of PERA. (Amends ch.15, §16)

5. Newly-hired state police officers to be non-smokers; Commissioner of Department of Personnel Administration (DPA) to promulgate regulations for implementation. (Amends ch.22, §9A)

6. Newly-hired corrections officers to be non-smokers; DPA to promulgate regulations for implementation. (Amends ch.27, §2)

7. Amounts recovered from federal grant state payrolls for purpose of offsetting pension costs to be transferred to Commonwealth's Pension Liability Fund (CPLF) rather than state employees' pension reserve fund. (Amends ch.29, §6B)

8. Gives priority in appointment to any disabled employee who is capable of reëmployment in the same or similar title in <u>any</u> department (previously, only in department from which employee was separated at time of disability). (Amends ch.31, §39)

9. [section 9 deleted]

10. DPA, with Commissioner of Public Health (DPH) and Secretary of Public Safety, to establish pre-employment and in-service fitness standards for newly-hired civil service police officers and fire fighters. Failure to meet standards in each of two successive examinations to result in termination. Governmental unit may establish stricter standards through collective bargaining agreeement. DPA to establish procedures, subject to legislative review, for implementation. Standards to apply only in governmental units opting to provide wellness-programs for police and fire personnel (see below). (Creates ch.31, §61A)

Governmental units accepting section to provide wellness-programs for civil service police and fire personnel, in accordance with DPH established mininum standards. Commonwealth, its agencies and authorities are deemed to have accepted. For other governmental units accepting the section, Commonwealth to reimburse ½ the costs for wellness-programs, up to $100 per employee, on certification by Secretary of Public Safety. (Creates ch.31, §61B)

11. Newly-hired MDC, MBTA, Capitol, and Public Works Building police to be non-smokers. DPA to promulgate regulations for implementation. (Amends ch.31, §64)

12. Mortality tables to be sex-neutral for retirement purposes, with one year set-back for both male and female lives (replaces five-year female set-back). (Amends ch.32, §1)

13. Changes definition of "retirement board" to include Pension Reserves Investment Management Board (PRIM), Masssachusetts Water Resources Authority, and any other board established under a special act corresponding to the provisions of ch.32, §1-28. (Amends ch.32, §1)

14. Defines "commonwealth funding schedule": schedule of payments required to meet the normal cost of benefits earned and to amortize over the forty year period beginning FY 1989 the unfunded liability of the commonwealth for the state and teachers' retirement systems and for the commonwealth's obligations for local cost-of-living adjustments. Schedule to be adopted and triennially revised by A&F, to be filed with the RLC, house and senate clerks, and to be based on actuarial, economic and demographic assumptions approved in advance by the house and senate committees on ways & means.

Defines "commonwealth pension liability": the financial obligation of the commonwealth to pay benefits for the state and teachers' systems, and to pay obligations assumed by the commonwealth on behalf of local retirement systems, including local cost-of-living adjustments.

Defines "commonwealth's pension liability fund": fund established to hold all monies set aside to meet all financial obligations of the commonwealth for retirement benefits, except obligations payable from the annuity savings and annuity reserve funds. (Amends ch.32, §1)

15. Defines "funding system": any retirement system other than the state and teachers' systems accepting the provisions of ch.32, §22D, and adopting a funding schedule. (Amends ch.32, §1)

16. Defines "normal cost": acturial present value of benefits and expenses allocated to a twelve month period. (Amends ch.32, §1)

17. Changes definition of "PRIM Board" to include supervision of amounts in CPLF. (Amends ch.32, §1)

18. Changes definition of "regular compensation" to include compensation earned after age 70 for employees opting to make post-70 pension contributions under ch.32, §90G½ (see S.107). (Amends ch.32, §1)

19. Defines "retirement system funding schedule": plan established by a local retirement system, subject to PERA revision, and designed to meet the normal cost of benefits and amortize over the forty year period beginning in FY 1990 or 1991 the system's unfunded actuarial liabilty, pursuant to ch.32, §22D. (see S.76). (Amends ch.32, §1)

20. Requires timely reporting by department heads to retirement board of employment data for all newly-hired employees (Amends ch.32, §3)

21. Amends provisions governing dual membership; requires retirement from both systems before receipt of benefits from either system. Retirement from one system not to require automatic retirement from second system for same reason as member was retired from first system. (Amends ch.32, §3)

22. Further amends provisions governing dual membership; member retired for disability from one system deemed to have waived receipt of benefits for period of continued employment in second system. (Amends ch.32, §3)

23. Requires proration of benefits where a member has service credit both in a system which has accepted repeal of $30,000 cap and in a system which has not accepted cap-repeal; system which has not accepted cap-repeal not to be assessed any cost for any service in any system which has accepted cap-repeal. (Amends ch.32, §3)

24, 25. Newly-hired Department of Education employees previously paid from federal funds must pay current contribution rate (not 5%) to establish prior service credit for period of federally-funded service. (Amends ch.32, §4)

26, 27. Newly-hired Department of Employment Security employees previously paid from federal funds must pay current contribution rate (not 5%) to establish prior service credit for period of federally-funded service. (Amends ch.32, §4)

28. Boards required to issue certificate of prior service credit within six months of member's filing statement of service. (Amends ch.32, §4)

29. DPA, together with DPH and Secretary of Public Safety, to establish in-service and preëmployment fitness standards for those non-civil service employees who are subject to the "heart presumption" established under ch.32, §94. Standards to be established and implemented in acccordance with procedures set forth in ch.31, §61A (S.10, above), and to apply only in governmental units providing wellness-programs for such employees in accordance with ch.32, §5A (S.30, below). (Amends ch.32, §5)

30. Governmental units accepting section to provide wellness-programs for non-civil service employees subject to "heart presumption," in accordance with DPH established mininum standards. Commonwealth, its agencies and authorities are deemed to have accepted. For other governmental units accepting the section, Commonwealth to reimburse ½ the costs for wellness-programs, up to $100 per employee, on certification by Secretary of Public Safety. (Creates ch.32, §5A)

31. Non-job related disabilty vesting period for non-veterans shortened from fifteen years to ten years (already ten years for veterans). Effective in state employees' and teachers' systems, and in other systems by vote of the retirement board, subject to approval by the local legislative body. (Amends ch.32, §6)

32. Disability examination process amended to allow three member panel to conduct separate examinations if panel has not met together within sixty days, or at any earlier time on applicant's request. Physicians conducting examination to be unassociated; "associated" defined. (Amends ch.32, §6)

33. Places cap on total percent of salary payable to job-related disability recipients = 75% of salary at time of retirement (applies only to employees hired after 1987). Effective in all retirement systems. Increases dependant allowance for job-related disabilitants from $312 per dependant to $450 per dependant, effective July 1, 1988, with allowance to be increased annually thereafter by percentage increase voted by legislature as cost-of-living adjustment for retirees. Increased dependant allowance effective in state employees' and teachers' retirement systems, and in other systems by vote of the retirement board, subject to ratification by the local legislative body and chief executive officer. (Amends ch.32, §7)

34. For employees retiring on job-related disability after age 55 with fewer than ten years' service at time of retirement, benefits to be recalculated as superannuation benefits when disabilitant reaches age 65, with service credit granted for period of disability. (Amends ch.32, §7)

35. Corrects typographical error. (Amends ch.32, §7)

36. Corrects typographical error. (Amends ch.32, §7)

37. Allows post-age 60 medical reëxamination of disabilitant first disabled after age 60. (Amends ch.32, §8)

38. Allows creditable service for period of disability for disabilitant returning to active service. No additional member contributions required to establish service credit. (Amends ch.32, §8)

39. Changes standard for reduction of disability benefits based on post-retirement earnings; replaces "salary payable at time of retirement" with "salary currently payable in position from which retired" as maximum allowable total of disability benefits and post-retirement actual or potential earnings. Allows retirement board to reduce benefits based on actual or potential earnings, with reduction triggered by i) earnings statements, ii) completion of rehabilitation services, or iii) a medical panel reëxamination indicating that a retired member is suited for gainful employment. Any reduction triggered by other than a medical panel report may be stayed on disabilitant's request pending confirmation by a medical panel that the disabilitant is suited for gainful employment. (Amends ch.32, §8)

40. Allows for state financed physical and vocational rehabilitation services for disabilitants who might benefit therefrom. Commissioner of PERA may require evaluation of any disabilitant under the age of 60 or, in the case of any member first disabled after age 60, under age 65, to determine whether such disabilitant might benefit from rehabilitation services. Participation in evaluation is mandatory, and refusal to be evaluated may result in the discontinuance of disability benefits. If board determines that a disabilitant might benefit from rehabilitatiion services, it will offer such services to the member at no cost; member participation in rehabilitation is voluntary. If a member is denied access to rehabilitaion by the board, he may appeal to PERA, which shall offer rehabilitation services directly if the member might benefit. PERA to reimburse retirement board for the costs of any PERA-approved rehabilitation program. (Amends ch.32, §8)

41. Unclaimed member contributions to escheate to CPLF (instead of state employees' or teachers' retirement pension reserve funds). (Amends ch.32, §11)

42, 43. Establishes right of reversion to full retirement benefits for retiree who has chosen reduced retirement benefits to provide a survivor's allowance for a named beneficiary, where the named beneficiary pre-deceases the retiree. Provides for initial calculation of reduced benefit to reflect and offset additional cost to retirement system of reversion provision. (Amends ch.32. §12)

44. Allows spouse or other beneficiary additional time to make payments to purchase prior service credit which member was entitled to make but had not made at time of death. Purchase period extended to ninety days from date on which board mails notice regarding the right of purchase (previously, ninety days from date of death). (Amends ch.32, §12)

45. Extends disability retirement/workers' compensation offset provisions. Comp benefits created by 1985 Workers' Compensation Act to be offset against disability retirement benefits. (Amends ch.32, §14)

46. Creates right of retirement board to prosecute third-parties liable for injuries sustained by disabled worker, and to offset payments payable to member from other sources on account of lost wages from same injury for which disability payments are payable. Member required to cooperate in prosecuting third-party recovery. (Creates ch.32, §14A)

47. Conviction of a criminal offense involving violation of the laws applicable to member's office or position results in forfeiture of pension benefits. Member to receive a return of accumulated deductions without interest, unless otherwise prohibited from receiving same. (Amends ch.32, §15)

48. Allows member aggrieved by an act or failure to act by PERA (as well as act or failure to act by retirement board), to appeal to the Contributory Retirement Appeals Board. Extends time for appeal to fifteen days from date of notification of action or decision (previously, fifteen days from date of action or decision). (Amends ch.32, §16)

49. Requires treasurer in each governmental unit to provide requested information as needed by retirement board or PERA. Establishes procedures for ensuring compliance with requests for information. (Amends ch.32, §18)

50. Requires proper posting of retirement board advisory council meetings called to elect member of county retirement board; removes two-term limit on members of county retirement board (previously, only county treasurer was permitted to serve more than two terms on county retirement board). (Amends ch.32, §20)

51. Clarifies that PERA employs and pays for medical panel physicians, rather than retirement board. (Amends ch.32, §20)

52. Requires timely reporting by retirement boards to PERA; authorizes PERA to petition superior court to compel compliance, and to send in agents to examine records where board does not comply. (Amends ch.32, §20)

53. Technical correction; deletes reference to "deputy commissioner" of PERA, corrects inappropriate cross-reference. (Amends ch.32, §20)

54. Expands information to be disclosed in each board's annual report; reports to be prepared in manner easily understood by system members, and to be made available to members and other interested parties on request. (Amends ch.32, §20)

55. On request, boards to provide each member with statement of benefits for which member is eligible, dates of eligibility, and effect of social security offset provisions. (Amends ch32, §20).

56. Extends indemnification from personal liability in civil actions arising out of public duties to members and employees of PRIM, state employees' and state teachers' retirement boards; no indemnification for breach of fiduciary responsibility, wilful or intentional violations. (Creates ch.32, §20B)

57. Allows PERA to supervise methods of record-keeping for retirement boards. Requires each board to keep data required for determining financial status of the system, and authorizes PERA to take such actions as are necessary to ensure compliance with record-keeping standards. (Amends ch.32, §21)

58. Allows systems adopting funding schedules to value assets in accordance with Government Accounting Standards Board methods, or in accordance with methods allowed under Employee Retirement Income Security Act, as determined by PERA. (Amends ch.32, §21)

59. Technical correction: deletes references to "deputy commissioner" of PERA. (Amends ch.32, §21)

60. PERA to conduct periodic actuarial valuations, mortality and experience reviews for each retirement system, to be filed with executive and legislative branches; PERA to review all reports prepared by retirement boards and RLC; standards for actuarial methodology specified. (Amends ch.32, §21)

61. Allows for approval of rehabilitation programs which are under the supervision of licensed physical therapist (previously, only physician-supervised program could be approved). Allows PERA to approve board-recommended rehabilitation programs, in addition to those appearing on PERA-approved list of programs. PERA to monitor quality and utilization of rehabilitation programs. As soon as practicable after disability retirement, PERA to conduct evaluation to determine whether disabilitant might benefit from rehabilitation; participation in evaluation mandatory, participation in rehabilitation program voluntary. Boards to offer and pay for rehabilitation programs to disabilitants who might benefit therefrom, with PERA to reimburse costs. If board refuses to provide rehabilitation to disabilitant who might benefit therefrom, PERA to offer services directly. (Amends ch.32, §21)

62. PERA to establish data system covering: disability data, investment data, actuarial data, pension assessment data, and decisions of the Contributory Retirement Appeals Board. Boards and governmental units to provide PERA with data as needed. PERA to make all data available to RLC on request. (Amends ch.32, §21)

63. Technical change to accomodate CPLF; lists CPLF among funds of the retirement systems. (Amends ch.32, §22)

64. $30,000 cap repealed on an advance-funded basis in state employees' and state teachers' retirement systems, and in other systems by local option. For post-1978 hires, an additional 2% of that portion of salary which exceeds $30,000 to be withheld, in addition to base contribution rate. Benefits payable to "capped" members having retired prior to effective date are to be recalculated on "un-capped" basis. Members having service in both capped and un-capped systems to receive prorated benefit. Unfunded liability created by cap-repeal to be amortized over fifteen years. Acceptance in a town system by town meeting vote, in a city system by vote of the city council, by vote of the county retirement board advisory council in a county system, and by vote of the district meeting in a district system. Acceptance effective as of filing of certificate of acceptance with PERA. (Amends ch.32, §22)

65. Technical correction; replaces reference to "director of personnel and standardization" with "personnel administrator". (Amends ch.32, §22)

66. Where disabilitant is restored to active service, accounting transfer to be made from annuity reserve fund to annuity savings fund. (Amends ch.32, §22)

67. Deficiencies in annuity reserve fund to be made up by transfer from pension fund (previously, from pension reserve). For state and teachers' systems, excess in annuity reserve to be transferred to CPLF (rather than pension reserve fund). (Amends ch.32, §22)

68. Transfers from pension reserve (and, for state and teachers' systems, from CPLF) to pension fund authorized in systems adopting funding schedule under ch.32, §22C or §22D. For local systems operating pursuant to §22D, transfers subject to PERA approval; for state and teachers' systems, transfers to be made from CPLF only in accordance with schedule submitted in advance by A&F with house and senate ways & means committees. (ch.32, §22)

69. Provides for amortization of gains and losses as prescribed by PERA, consistent with GASB or ERISA standards. For any retirement system transferring assets to PRIT on or before July 1, 1986, Commonwealth to assume cost to system sustained in converting from book to market asset valuation. (Amends ch.32, §22)

69A, 69B. Amounts transferred from pension reserve fund to pension fund in accordance with funding schedule to be included as "credits" for purpose of deterimining annual appropriations. (Amends ch.32, §22)

70. Amounts set aside under funding schedules to be credited to pension reserve fund. CPLF to be pension reserve fund for state employees' and teachers' retirement systems. (Amends ch.32, §22)

71. Allows transfers from pension reserve fund to pension fund to meet current obligations in accordance with PERA approved, board developed schedule. Amounts to be transferred from state and teachers' reserves only in accordance with schedule submitted in advance by A&F to house and senate ways & means committees. (Amends ch.32, §22)

72. Technical change: includes CPLF in list of retirement system funds. (Amends ch.32, §22)

73. Amounts required to meet commonwealth's pension funding obligations to be appropriated to CPLF (other than amounts required for state and teachers' expense funds). (Amends ch.32, §22)

73A. Technical change to accomodate CPLF. State's prorata share of appropriation made to PRIT to be capped, based on 80% of amounts in PRIT fund as of June 30, 1987, with remainder of appropriation to be shared by local systems participating in PRIT. Local systems electing to participate in PRIT on or before January 1, 1988 to receive both prorata share of PRIT appropriation and any local funding assistant grant under ch.32, §22D; systems joining PRIT after January 1, 1988 to receive only the greater of the two, but not both. Amounts required by systems participating in PRIT to be transferred by PRIM according to schedule during the course of fiscal year, rather than in one sum at beginning of fiscal year. For any system receiving pension funding assistance grant under ch.32, §22D, failure to achieve investment return equal to the lesser of PRIT's investment return and system's own actuarial investment assumption over 5-year period results in retirement board being deemed to have voted to join PRIT. CPLF established within PRIT, subject to PRIM supervision. CPLF to receive all amounts previously appropriated to pension reserve funds of state and teachers' systems, and all amounts held by said systems other than amounts in expense funds and annuity savings and annuity reserve funds. All amounts required for disbursal by pension fund and special fund for military service credit in state and teacher's systems to be made available from CPLF, in accordance with schedule filed in advance by A&F with house and senate committees on ways & means. (Amends ch.32, §22)

74. Treasurer of governmental unit within a county system to be the custodian of funds contributed by unit to offset pension liabilities of the system. Such funds may be invested under same restrictions as apply to retirement system funds, and may be used in accordance with PERA-approved funding schedule. (Amends ch.32, §22)

75. Employee pension contributions to be made on tax-deferred basis for purposes of federal taxation under Internal Revenue Code. (Amends ch.32, §22)

76. State full-funding schedule established, to meet costs of state employees' and teachers' retirement systems, and commonwealth's obligations for local retirement benefits, including local cost of living adjustments. 40 year schedule to pay normal cost of benefits and amortize all unfunded liability existing as of January 1, 1987, by June 30, 2028, with first year of funding schedule to be FY 1989. Amortization component is to grow at not more than 7.5% from year to year. Initial schedules and triennial updates are to be submitted by A&F subject to approval by ways & means committees; inaction by ways & means committees within 45 days of filing constitutes approval. In the event any schedule is not approved, funding to continue in accordance with most recently adopted three-year schedule, provided that payments are not to be be less than prior year's payments. Ways & means committees also to approve actuarial and economic assumptions and methodologies used in developing schedules. Schedule payments not to be less than benefits actually payable and actuarial value of reserves not to be reduced for first ten years of schedule. Where additional revenues are available, or where investment returns have exceeded actuarial projections, governor is to request appropriation of additional funds to allow for more rapid amortization; additional funding requests are subject to appropriation, not part of commonwealth's contractual funding obligation. (Creates ch.32, §22C)

Local funding assistance plan established. For 15 years beginning in FY 1990, for each system adopting a PERA-approved funding schedule, the member units are to receive a state grant based on the ratio between the unit's full-funding (normal cost plus 40-year amortization of unfunded liability) costs and its levy limit. Each unit will receive a ratable share of a state assistance pool funded by annual state appropriation equal to 5% of the sum of the annual increases in state income taxes, state excise taxes, and state corporation taxes. Full-funding schedules to be over 40 year period beginning in FY 1990 or 1991, with amortization component growing at not more than 4.5% from year to year. Local systems required to recover pension costs from governmental enterprise operations through rate and fee structures. In systems receiving assistance, failure to achieve time weighted rate of investment return over five years equal to lesser of PRIT's time weighted rate of return and system's

actuarial projection of investment return over same five year period deemed to constitute vote by local retirement board to join PRIT. For first six years of schedule, schedule payments not to be less than benefits actually payable, and actuarial value of reserves not to be reduced. Systems may accept provisions of section by local option exercised between January 1, 1988 and December 31, 1990. Acceptance in a city system to be by vote of the city council, in a town system by vote of the town meeting, in a district system by vote of the district meeting, and in a county system by weighted vote of the member units, based on the ratio of the total payroll of each member unit to the total payroll of all member units in the county system. Acceptance may not be revoked. Systems receiving state assistance must provide annual reports to each member, must provide shortened vesting period for non-job related disabilities, must provide increased dependant allowance, must accept repeal of $30,000 cap, must provide post-70 salary credit for retirement purposes, and must implement fitness/wellness standards and programs; normal cost appropriations not required for additional benefits prior to first year of state funding assistance. Systems entering PRIT after January 1, 1988 to receive greater of state grant or PRIT share, but not both. (Creates ch.32, §22D)

77. Local systems which have not received waiver from legal list investment restrictions authorized to purchase shares of PRIT. (Amends ch.32, §23)

78. Allows board of each system to deposit securities in SEC-registered securities depositories. (Amends ch.32, §23)

79. Commissioner of PERA (rather than commissioner of insurance) to determine form and amount of security bond required of retirement board member designated as system custodian. (Amends ch.32, §23)

80. PERA authorized to issue orders to desist from prohibited investment activities to persons assisting board members; penalties for non-compliance. (Amends ch.32, §23)

81. Each board required to file annual report of system's financial condition with PERA on May 1 (rather than March 1). (Amends ch.32, §23)

82. Local retirement boards receiving waiver from legal list restrictions to make no new South Africa or Northern Ireland munitions-related investments (not required to divest previous invesments). (Amends ch.32, §23)

83. Replaces "board member of a participating local retirement system, appointed by the governor" on PRIM board with "a person who is not an employee or official of the commonwealth, appointed by the governor." (Amends ch.32, §23)

84. Deletes provision making state treasurer custodian of PRIT Fund. (see S.87, making PRIM board custodian of PRIT Fund). (Deletes ch.32, §23, sudivision [2A]).

85. Duties and obligations of PRIM board to be set forth in a declaration of trust, subject to the approval of the joint committee on public service. (Amends ch.32, §23)

86. PRIM to adopt annual budgets, subject to the approval of the house and senate committees on ways & means. (Amends ch.32, §23)

87. PRIM required to file quarterly investment and budget reports with joint committee on public service, and with house and senate committees on ways & means. PRIM made custodian of PRIT Fund. (Amends ch.32, §23)

88. [section 88 deleted]

89. Removes provision allowing each PRIM board member to appoint separate staff person. (Amends ch.32, §23)

90. PRIM to make no South Africa, Northern Ireland munitions related investments. Deletes requirement that PRIM place $2 million invesment with Massachusetts Technology Development Corporation. PRIM exempted from PERA investment regulations. (Amends ch.32, §23)

91. PRIM made subject to Division of Capital Planning and Operations regulation for purposes of capital facilities. (Amends ch.32, §23)

92. PERA authorized to issue cease and desist orders for improper investment or record-keeping activities of any board, after a hearing. PERA authorized to issue temporary order pending a hearing. Penalties for violation. (Amends ch.32, §23)

93. PERA authorized to report activities of any board member or employee in violation of statutory or regulatory duties to board, chief executive officer of governmental unit, and, if violations persist, to attorney general. (Amends ch.32, §24)

94. Payment of all appropriations required by retirement system made contractual obligation of governmental unit. (Amends ch.32, §25)

95. Failure or potential failure to make payments required under funding schedule or funding standard adopted under ch.32, §22C or 22D declared to threaten contractual rights of members and of retirement system. Failure to make required payments to system may be remedied by action for mandamus. (Amends ch.32, §25)

96. For state police officers, places cap on total percent of salary payable to job-related disability recipients = 75% of salary at time of retirement (applies only to employees hired after 1987). Increases dependant allowance for job-related state police disabilitants from $312 per dependant to $450 per dependant, effective July 1, 1988, with allowance to be increased annually thereafter by percentage increase voted by legislature as cost-of-living adjustment for retirees. (Amends ch.32, §26)

97. Corrects typographical error. (Amends ch.32, §28)

98. Repeals right of non-members to receive accidental disability and accidental death benefits. (Repeals ch.32, §28F)

99. Allows surviving spouse of veteran first entering public service prior to July 1, 1939 to elect alternative benefits under ch.32, §58 within 90 days from date on which board mailed notice of option to elect such benefits (previously, 90 days from date of veteran's death). Establishes right of reversion to full retirement benefits for retired veteran first entering public service prior to July 1, 1939, and retiring under §58 who has chosen reduced retirement benefits to provide a survivor's allowance for a named beneficiary, where the named beneficiary pre-deceases the retiree. Provides for initial calculation of reduced benefit to reflect and offset additional cost to retirement system of reversion provision. (Amends ch.32, §58A)

100. Establishes right of reversion to full retirement benefits for retired judge who has chosen reduced retirement benefits to provide a survivor's allowance for a named beneficiary, where the named beneficiary pre-deceases the retiree. Provides for initial calculation of reduced benefit to reflect and offset additional cost to retirement system of reversion provision. (Amends ch.32, §65C)

101. Corrects improper cross-reference. (Amends ch.32, §65C)

102. $30,000 cap repealed for judges. For judges entering service between January 1, 1979 and January 1, 1988, additional 2% deduction to be made on that portion of salary in excess of $30,000. For judges entering service on or after January 1, 1988, 8% of salary up to $30,000 to be withheld; 9% of salary between $30,000 and $45,000 to be withheld; 10% of salary above $45,000 to be withheld. (Amends ch.32, §65D)

103, 104, 105. Technical changes to accommodate additional deductions from judicial pay, required by S.102 amendment to ch.32, §65D. (Amend ch.32, §65D)

106. Judicial pension contributions to be made on tax deferred basis for purposes of federal taxation under Internal Revenue Code. (Amends ch.32, §65D)

107. Permits credit for retirement purposes for compensation earned after age 70 for Group 1 employees opting to continue contributions after age 70 (no credit for additional years of service). Effective in state and teachers' systems, and in other systems by local option: in a town system, by vote of the town meeting, in a city system, by vote of the city council, and otherwise by the county retirement board. Acceptance effective on filing of certificate of acceptance with PERA. Any member already continuing in service after age 70 at time of acceptance by system may include any post-70 compensation by making payment of amounts which would have been withheld had system accepted on date member attained age 70. (Creates ch.32, §90G½)

107A. Requires disabilitants to annually file "all pertinent W-2 forms" with retirement board (rather than "a W-2 form"). (Amends ch.32, §91A)

108. Commissioner of PERA (rather than commissioner of insurance) to make and file with general court annual determination of change in consumer price index. (Amends ch.32, §102)

109. Increases amount of optional group life and group accidental death and dismemberment insurance which state employees may purchase through group insurance commission. Amount increased to maximum of one thousand dollars less than eight times employee's salary, rounded down to nearest whole thousand dollars (previously, maximum of one thousand dollars less than employee's salary, rounded down to nearest whole thousand dollars). (Amends ch.32A, §10A)

110, 111, 112. Technical changes to accommodate increased optional group life and group accidental death and dismemberment insurance, pursuant to S.109 changes to ch.32A, §10A. (Amend ch.32A, §10A, 12)

113. Group insurance commission to establish, subject to appropriation, a program for reimbursing dental and vision benefits for state managers, retired state employees, and legislative members and employees; up to $200 of expenses reimbursed per year. (Creates ch.32A, §17)

114. Technical change to accommodate ch.705 of the Acts of 1986 increasing amount of group life and group accidental death and dismemberment insurance available to municipal employees. (Amends ch.32B, §5)

115. "Special fund" pension contributions made by governmental unit in a county system to be held by governmental unit making the contributions, not by the county treasurer. (Amends ch.40, §5D)

116. Repeals provisions for Massachusetts Technology Development Corporation to manage $2 million placed by PRIM from PRIT. (see S.90). (Amends ch.40G, §4A)

117. Newly-hired municipal police officers and firefighters to be non-smokers; DPA to promulgate regulations for implementation. (Creates ch.41, §101A)

118, 119. Employee pension contributions subject to federal tax deferral (see S.75, 106) to remain subject to state taxation and tax withholding (current $2000 state tax deduction on contributions not impaired). (Amend ch.62, §2, and ch.62B, §1)

120. Newly-hired registry investigators and examiners empowered to perform police duties to be non-smokers; DPA to promulgate regulations for implementation. (Amends ch.90, §29)

121. Department of Public Health (DPH) to establish "wellness" programs, designed to reduce incidence of diseases and deaths related to stress, lack of excercise, poor nutrition and diet, drug and alcohol abuse, smoking, and exposure to toxic substances. To be offered to employees at no cost. DPH to establish minimum standards for programs, which are to be implemented first for police and fire personnel subject to health and fitness standards (see S.10, 30). (Creates ch.111, §205)

122. CPLF (rather than state and teachers' reserve funds) to receive 16.7% of alcohol excise tax, to offset anticipated future cost of funding state and teachers' systems. (Amends ch.138, §21)

123. Newly-hired Logan firefighting personnel to be non-smokers; DPA to promulgate regulations for implementation. (Adds §3A to ch.465 of the Acts of 1956)

124. Repeals ch.516 of the Acts of 1985, "McBride Principles" governing investment of state and teachers' funds in firms doing business in Northern Ireland. (See S.133).

125. No provision in act to affect establishment of any eligible list for appointment based on an examination held on or before January 1, 1988, or to affect any appointment or promotion based thereon, or to affect continued employment of any person so appointed or promoted.

126. Commissioner of public health authorized to conduct study of cancer incidence among police and fire personnel, and report to general court his recommendations, if any, including recommendations relative to the establishment of a so-called "cancer presumption." Final report to general court by December 1, 1991, with interim reports by December of 1988, 1989, and 1990.

127. Commissioner of public health authorized to conduct study of incidence of hypertension and heart disease among persons who are obese, and report to general court his recommendations, if any, including recommendations relative to excluding persons who are obese from the provisions of the so-called "heart presumption" (ch.32, §94). Report to general court by December 31, 1989.

128. Governmental units to continue to withhold federal income taxes from employee pension contributions until IRS makes ruling that such contributions should not be included as gross income prior to distribution.

129. PRIM board to operate under most recently approved budget until a new budget is adopted and approved by house and senate ways & means committees, in accordance with ch.32, §23(2A). (see S.86)

130. Commissioner of revenue to promulgate regulations for implementation of federal tax deferral of employee pension contributions. (see S.75, 106)

131. A&F authorized to adopt cafeteria plan of benefits for active employees of the commonwealth, in accordance with section 125 of the Internal Revenue Code, including dependant care pursuant to section 129 of the Code and coverage under an accident or health plan pursuant to section 106 of the Code.

132. Municipal employers authorized to adopt cafeteria plan of benefits for active municipal employees, in accordance with section 125 of the Internal Revenue Code, including dependant care pursuant to section 129 of the Code and coverage under an accident or health plan in accordance with section 106 of the Code.

133. "McBride principles" governing investment of funds of state and teachers' systems reënacted (see S.124), and amended to apply to all local retirement systems which have received a PERA waiver from legal list investment restrictions. State treasurer on behalf of state and teachers' systems, and on behalf of PRIM, and board of each other system subject to provisions of section to conduct annual survey of all U.S. corporations in which the system has invested and which are operating in Northern Ireland; survey is to determine extent to which corporation is adhering to promotion of religious tolerance in the workplace, equal employment opportunity, and the McBride principles, so-called. Boards to report results to PERA annually, state treasurer to report results to general court annually. Reports to be available for public inspection, and to include recommendations consistent with prudent fiduciary practice. Where necessary, appropriate, and consistent with prudent fiduciary practice, treasurer and boards to initiate and support shareholder petitions or initiatives requiring corporate action in compliance with non-discrimination standards of the section.

134. Provisions of act severable; invalidity of any one provisions not to affect validity of all other provisions.

135. Effective dates. Amortization of gains and losses (S.69) to apply to all retirement systems as of January 1, 1984. Sex-neutral mortality tables (S.12), dual membership provisions (S.21, 22), shortened vesting period for non-job related disabilities (S.31), conversion to superannuation benefits for employees first becoming disabled after age 55 with fewer than ten years' service (S.34), right of reversion to full benefits for retiree pre-deceased by named beneficiary (S.42, 43, 98, 99), and new Workers' Compensation/disability retirement offset provisions (S.45) to apply only to benefits receivable pursuant to applications made on or after effective date of the act (January 12, 1988). Forfeiture of benefits upon conviction of criminal offense involving violation of laws applicable to office or position (S.47) to apply only to criminal offenses committed on or after effective date of the act. Repeal of old Retirement Law Commission, creation of new Retirement Law Commission (S.1, 3) effective January 1, 1988.